

Human Services Commission Meeting Minutes

June 23, 2011

9 a.m.

James R. Thompson Center, Room 2-025, Chicago

Commissioners in Attendance

In person: Joe Antolin, Heartland Alliance; Damon Arnold, DPH; Denver Bitner, Lutheran Social Services of Illinois; Michele Carmichael (proxy for Chris Koch), ISBE; Ashley Cross (proxy for Arthur Bishop), DJJ; Veronica Cunningham (proxy for Diane Williams), Safer Foundation; Evelyn Diaz, Chicago Department of Family and Support Services; Eileen Durkin, Neumann Family Services; Tony Godinez, DOC; Anne Irving, AFSCME Council 31; Toni Irving, Governor's Office; Marco Jacome, Healthcare Alternative Systems; George Jones Jr., Ada S. McKinley Community Services; Larry Joseph (proxy for Kathy Ryg), Voices for Illinois Children; Jack Kaplan (proxy for Laura Thrall), United Way; Ngoan Le, Chicago Community Trust; Dave Lowitzki (proxy for Maggie Laslo), SEIU Healthcare; Sharron Matthews (proxy for Julie Hamos), DHFS; Maria Pesqueira, Mujeres Latinas en Accion; Michelle Saddler, DHS; Nancy Shier, Ounce of Prevention Fund; Maria Whelan, Action for Children

Phone: Rep. Sara Feigenholtz, General Assembly (joined meeting after voting); Sen. Carole Pankau, General Assembly (left meeting early prior to voting); Dee Ann Ryan, Vermilion County Mental Health Board; Paul Stepusin (proxy for Charles Johnson), DOA

Commissioner not attending or sending proxies: Sam Balark, AT&T; Byron Brazier, Apostolic Church of God; Rosemary Connelly, Misericordia; Sen. William Delgado, General Assembly; Art Dykstra, Trinity Services, Inc.; Pam Heavens, Will-Grundy Center for Independent Living; Gary Huelsmann, Catholic Social Services of Southern Illinois; Rep. Naomi Jakobsson, General Assembly; Shawn Jeffers, Little City Foundation; Richard L. Jones, Metropolitan Family Services; Rep. David Leitch, General Assembly; Valerie Lies, Donors Forum; Erwin McEwen, DCFS; Soo Ji Min; Rep. Rosemary Mulligan, General Assembly; Greg Pierce, United Power for Action and Justice; Nancy Ronquillo, Children's Home and Aid; Sen. Dave Syverson, General Assembly; Ray Vazquez, YMCA; David Whittaker, Chicago Area Project

Technical Support Team and Guests

In person: John Bouman, Sargent Shriver National Center on Poverty Law; Pat Brown, DHS; Delia Coleman, Donor's Forum; Elyn Drathring, Heartland Alliance; Jill Edelblute, YMCA of Metropolitan Chicago; Chima Enyia, Governor's Office; Judith Gethner, Illinois Partners for Human Service; Gina Guillemette, Heartland Alliance; Layla Suleiman Gonzalez, DHS; Caronina Grimble, DHS; Grace Hou, DHS; Teresa Kelly, OECD; Kate Maehr, Greater Chicago Food Depository; Matt Josephson, Deloitte; Amber Kirchhoff, Governor's Office; Jonathan Lavin, AgeOptions; Jim Lewis, Chicago Community Trust; Amy Rynell, Heartland Alliance; Doug Schenkelberg, Greater Chicago Food Depository; Roopa Seshadri, Chapin Hall; Terry Solomon, Illinois African-American Family Commission; Sara Sullivan, DOC; Kelley Talbot, Voices for Illinois Children; Kathy Ward, DHS; Paula Wolff, Metropolis Strategies

Phone: Melissa Black, Senate Democrats; Jessica Bruskin, Governor's Office/Legislative Affairs

Support staff: Betsy Bowen, Michelle Martin, Janice Pacheco, and Brandon Thorne, Chicago Community Trust

Welcome and Introductions –Co-Chair Toni Irving

Commissioners at the meeting and on the phone introduced themselves.

Update on State Budget for Human Services – Jerry Stermer, Governor's Office

- The General Assembly (GA) has been faced with having to make difficult decisions to try to clean up the budget situation, but many issues were not addressed before the GA went home for the summer
- The Governor agrees that the budget is incomplete, and many difficult decisions were not made
- The GA told the public they made significant cuts, but in many cases they put off obligations to future years, and have not resolved underlying issues about whether certain programs can be sustained
- Examples of cuts made without extensive discussion or planning for implications and statutory requirements include:
 - The Revenue Department, including the revenue collectors who make sure taxes are collected, was cut by more than 25%
 - The DOC budget was cut by 8%, but there is no reduction in number of people being housed in the prison system
- Jerry expressed support for the Commission's idea of holding public hearings on the impact of budget decisions

Discussion on the State Budget

Nancy Shier asked when the Governor would be likely to take action on the budget. Jerry Stermer replied that the Governor would like to sign it before July.

Ngoan Le stated that the Commission is aware of three different budget scenarios, with different revenue estimates, and asked which scenario is the most likely. Jerry Stermer replied that when the GA comes back, the Governor's Office will present a series of problems with the budget, and urge them to address the problems. Per the constitution, the GA appropriates the money. The Governor can reduce a revenue bill but cannot add to it, so it would have to go back to the GA for potential further spending capacity.

George Jones asked about what other areas are being cut. Jerry Stermer replied that DCFS has some statutory needs which have not been addressed. For DHFS, bills that need to be paid are being pushed to subsequent fiscal years. DJJ, DOA, and DPH are also under-funded. For example, in DOA, there has been a reduction in staff, but they also have a new assignment to certify people for the free rides for seniors program, without the staff capacity to do it.

Larry Joseph announced that Voices for Illinois Children will have a report coming out today on the budget that was approved by the GA, focusing on ISBE, DHFS and DHS. He asked for an update on the Commission on Budgeting for Results. Jerry Stermer replied that it is being developed and is an important public exercise, but did not know the details.

Nancy Shier asked about what transferability the legislation gave the Governor. Jerry Stermer replied that he had not heard of anything different than the historic 2%. There was 4% transferability regarding some of the Medicaid programs.

Marco Jacome asked about how DHS and other agencies can prepare for the cuts, asking if agencies need to think about laying off people and cutting services, considering there are only about five days until the end of the fiscal year. Jerry Stermer directed the question to Michelle Saddler of DHS. Michelle replied that DHS has issued draft contracts for their community service agreements, which include further explanation of federal requirements and some enhanced accountability language, as part of DHS's overall increasing accountability initiative. DHS got some pushback from providers on this, but GOMB was pleased with the contracts, which detail accountability measures. DHS will issue four month contracts instead of one year contracts, so they will have the next three months to dialogue with providers about the accountability requirements. The requirements mainly have to do with federal reporting requirements and limiting indirect administrative costs. At the end of three months, DHS will put in an amendment to finish the rest of the year.

It was expressed that this is a frightening place for many agencies, not knowing what the endpoint is and if they will be able to survive. The state is expecting agencies to continue to provide services, and also adding to that extremely cumbersome requirements for reporting. Maria asked GOMB and the administrative side of the state to understand the fragile state that organizations are in, and not use budgeting for results to beat the human services sectors a little more, which is how many providers are feeling.

Joe Antolin stated he would like to echo Maria's comments. Many agencies go through processes with the federal government to define what their indirect costs are, and the state seems to be ignoring this process. The state should not require more reporting with funding cuts. There is probably not a one-size-fit- all contract, since there are different requirements for different programs and funding streams. Providers who have partnered with the state despite long periods without pay need to feel like full partners in the negotiation process for contracts.

It was added that there is an attitude communicated to providers from the Governor's Office that is suspicious and dismissive. This conveys the idea that we will fix the system by making people jump through a new set of hoops with no input, dialogue, or process.

Larry Joseph commented that what has happened with the DHS budget over the past three years is unlike any other agency, and that the Governor's Office is as responsible for this as is the GA. He stated that the state still has serious budget transparency issues. The state improved this by passing line item appropriations this year, and by making revenue estimates

before appropriations, though the outcome should have been better than it was. Even so, the process of making revenue estimates became politicized and the GA ended up not approving a joint revenue estimate. There was a lot of discussion about statutory transfers that happened under the radar. Larry stated that we need to figure out a way to have a much more transparent and accountable budget process in the executive branch and GA.

Ngoan Le commented that in the Commission's last report, the Commission made some strong recommendations about budgeting transparency and how it would like to see human services considered in the final budget. The Commission wants to continue to have opportunities to have conversations about this with the Governor's Office and the GA, and welcomes opportunities to come to the table about these ideas.

George Jones asked when the four-month DHS contracts will be issued. Michelle Saddler replied that they will be issued next week and will have specific funding levels, based on 31 and 2/3% of anticipated FY 12 funding. This is slightly below the allocation of 33% for four years, which GOMB directed DHS to do because of uncertainty about the final budget. The DHS budget is being reduced 17.2% overall from the FY 11 estimated spent. One of the concerns is rate reductions, because the budget was written with 6% Medicaid rate reductions in mind, but then the GA opposed this and prohibited making Medicaid rate reductions. Because DHS has certain mandates like this but not enough funding, DHS will run out of money in mid March, and have to push liabilities to the next fiscal year. This will mean late payments.

Toni Irving commented that it's too soon to tell if there will be a veto session to address the shortfall. There will be a series of meetings with the Governor's Office to plan for what to do next.

Denver Bitner asked if DHS anticipates that providers will continue to provide services at that minimally reduced rate, rather than making the major cuts that might eventually be needed. Michelle Saddler replied that many of DHS's provider agencies are at a crossroads and have to decide if they can continue being a provider for the state. DHS has had providers this year saying they cannot operate with the state any longer, for small community-based programs as well as large programs like the WIC nutrition program.

Joe Antolin commented that the 31 and 2/3% rate means a 1 and 1/3 % cut effectively for the first four months, and asked Michelle Saddler what this means. Michelle replied that once the FY 12 budget is known, DHS will make sure that the FY 12 line items are fully expended. So after the first four months, when DHS knows what the revenues are, the 1 and 1/3% may be fully restored. Toni Irving commented that considering that Department of Revenue was cut, there may be a delay in finding out those estimates.

Michelle Saddler stated she wanted to report good news, that some of the proposed cuts to alcohol and substance abuse services were partially restored. Michelle thought this was because the advocacy community spoke to the GA about these services. Some of the bad news is that the GA seems to be saying they care about people, but don't care about DHS operations.

DHS's grant administration has been cut 100%, travel has been cut 50%, telecom has been cut 50%, and all contractual services have been cut 33%. Considering that DHS neighborhood offices use telecom to communicate with customers, and they already have high caseloads, that is a big problem. A lot of the contractual services go to the electronic benefits transfer contract, which is required by the federal government for the SNAP program. So, administratively, things will be tight for DHS and all agencies.

Larry Joseph commented that a handful of other programs had their funding restored, including domestic violence shelters and services for victims of sexual assault. But community mental health services were cut below what the Governor recommended, and other programs such as Teen Reach and Family Case Management also took a lot of cuts. Michelle Saddler replied that in community mental health, there was an error in the budget process that led to \$30 million in cuts, and there is currently an amendment in the Senate to correct this.

Ngoan Le stated that when the Commission scheduled this meeting, they anticipated the budget would be settled. Ngoan proposed that instead of having directors of agencies share their plan for dealing with the budget, as indicated on the agenda for this meeting, the Commission could organize a conference call once the budget is finalized to discuss the implications. Then the Commission can direct its attention to the issues and decisions that need to be made today.

Toni Irving attempted to determine if a quorum of 24 Commissioners was present, in order to vote on action items on the agenda. There was not a quorum as Sen. Carole Pankau appeared to have dropped from the call, leaving 23 voting Commissioners. Toni announced she would try to find out if any other Commissioners or their proxies could join the meeting to establish quorum.

Layla Suleiman Gonzalez announced an update on the DHS budgeting for results process. DHS is getting ready for Phase 2, trying to go program by program and detailing what data has been collected, who it is reported to, and if it is federally or state mandated. The Commission on Budgeting for Results should be standing by July 1, which is an opportunity for providers and the general public to give input into what the priorities should be. This Commission will go on to make decisions about priorities and subgoals, which will go back to the GA and the state agencies.

Nancy Shier stated that she and some others have been involved with Sen. Kotowski's work on the budgeting for results process. She expressed her concern that the House did not pay attention to budgeting for results and the Governor's priorities in its budgeting process. Layla Suleiman Gonzalez replied that DHS received a letter from Sen. Kotowski requesting specific information for the Senate appropriation, and prepared that information. She suggested that Nancy's statement should be considered by the Commission on Budgeting for Results once it is formed.

Joe Antolin asked how the new Commission will handle mandates that are not state or federally mandated, but are court-ordered. For example, there is a court order on expedited food stamps. Layla Suleiman Gonzalez replied that DHS will continue to do the monitoring. DHS has had to struggle with this, because there are some consent decrees that are being actively monitored and some that are not. DHS has to determine how to account for that in the data and performance metrics.

Jonathan Lavin commented that it seems like there is another process going on with the federal deficit and discussions around that, and asked what that might mean for the state budget process. Ngoan Le replied that the Commission should recognize that there will be an impact on the state budget. Damon Arnold stated that this is an issue for the DPH, and reminded the Commission that one of the Governor's five pillars for economic recovery was increased federal assistance. So the budgeting for outcomes process need to be consistent with federal policies, such as CDC mandates, to help the state tie in to federal funding streams.

Action Items Requiring Votes

The co-chairs established that a quorum was present with 22 commissioners or designated proxies (Veronica Cunningham of the Safer Foundation joined the meeting as a proxy for Diane Williams) in the room and two commissioners voting by phone.

Joe Antolin moved the motion to allow Commissioners to vote via phone. Eileen Durkin seconded the motion.

The motion passed unanimously.

Joe Antolin moved the motion to approve the minutes of all previous HSC meetings and workgroup meetings associated with the HCS. The dates of these meetings are: January 20, 2010; May 3, 2010; June 8, 2010; July 20, 2010; September 14, 2010; December 14, 2010; February 18, 2011; and April 15, 2011. Eileen Durkin seconded the motion.

The motion passed unanimously.

Presentation on Rate Setting and Accountability – Jim Lewis

- This spring, a small group of people knowledgeable in the field met for five sessions to generate the report on rate setting and accountability that was distributed to the Commission following its last meeting in April 2011
- The purpose of the report was to link the need for additional resources for providers, which comes from rate structures that are too low and often don't include funds for administration and coordination, with the need for accountability
- The first two sections of the report attempt to describe the historic and current situation, and what the implications of the current fee structures are for service providers
- In the recommendations section, the first five recommendations speak to the adequacy of resources to providers to fund high-quality services; Items six to 11 speak to the need for different types of accountability; and items 12 and 13 speak to the need for greater efficiencies

Discussion on Rate Setting and Accountability

Nancy Shier stated that with regard to Recommendation 7, performance based contracting, considering the state budget climate and reductions in staff, a lot of data is being collected at the program level, but is not being analyzed because DHS does not have the staff capacity. She asked how to hold people accountable for outcomes when there is not the capacity to analyze the data. Jim Lewis replied that the document is largely aspirational, and the success of the Framework project is also related to this, which will take five to seven years to implement. He suggested that the Commission view the report as a more aspirational approach, describing how the Commission wants resources to be tied to different kinds of accountability.

Maria Whelan stated that in Cook County, the state reimbursement rate for childcare of infants and toddlers is 19% of what it should be, and expressed concern about putting out goals and outcomes when the resources aren't there to achieve them. She stated that the Commission needs to frame up the context very clearly and acknowledge that we should not put more contracts out there and create chaos when we don't have the infrastructure. Jim Lewis replied that much of the document is about the context and how the rates have been historically inadequate.

Anne Irving commented that since her union represents many workers, she appreciates the language that workers need to be paid a living wage. She stated that there seems to be an internal conflict in the document, though, since it also talks about competitive bidding. Staff is the major expense of human services. The report seems to say staff should be paid well, but we will do it in a system that drives down wages through competitive bidding. She also stated that there are some editorial errors in the document, such as repeating the same point on multiple pages, and expressed that the report seems to be a rough document that she would not feel comfortable supporting now.

Joe Antolin stated that he felt somewhat similarly. For example in the workforce area, if outcomes are brought up, it often means providers will want to develop programs for the most employable, leaving the hard to employ behind. So the recommendations need to be more nuanced on the competitive bidding side. Another issue, for example, is that the services Heartland provides to CHA residents should be provided by licensed clinicians because of the complex issues. But the state may not be willing to fund this if it's a competitive bidding process.

Toni Irving announced that Rep. Sara Feigenholtz joined the call.

John Bouman stated that he wonders if the document adequately addresses situations where the same services can achieve multiple outcomes. For example, child care is important for achieving outcomes related to children's development, and for allowing parents to work.

Dee Ann Ryan stated that she ran this document by a colleague who is a service consumer, and his concern was that there needs to be a consumer perspective in the workgroup developing the report. She asked if a consumer perspective was included and stated that her colleague

would be happy to offer his comments. Jim Lewis replied that the following people worked on the report (in addition to himself): Karen Batia, Judith Gethner, Heather O'Donnell, Tony Paulauski, Nancy Kim Phillips, Elizabeth Powers, Laura Prohov, Michael Shaver, Timothy Sheehan, and Matt Stagner.

Maria Pesqueira stated that she commends the work of this committee and that there are a lot of details to address. The number of people has grown in some communities, creating more demand for certain services, such as in the Latino community there is increased demand in the area of domestic violence services, where there are limited staff providing services for more individuals. In funding decisions, this growth in the population is not always taken into account. There needs to be some consideration of more resources based on demographic changes and growth in populations. Jim Lewis replied that the work of this workgroup is less about allocation of resources for different populations, and more about how a provider should be reimbursed once selected. Ngoan Le stated that when this Commission was created, the charge included looking at the system as a whole and trends that affect the system. The Commission had a brief presentation from the Social Impact Research Center and eventually there will be an updated report on trends that affect human services, which will be incorporated into the Commission's final report.

Larry Joseph stated that a lot of the concerns could be addressed by refining some of the language. For example on top of page 5 of the report, in the paragraph on competitive bidding, the "money follows the person" concept is not the same as competitive bidding. So the subtitle here could be changed.

Eileen Durkin stated that one of the challenges are the multisystem families that go through many different systems, and asked how the Commission can think about coordinating services for such families for efficiency. Jim Lewis replied that the need for that coordination is noted in the report.

Joe Antolin stated that he wanted to echo John Bouman's comment about the issue of different goals trying to be reached by the same service. It might be a different reimbursement rate if child care is considered in terms of child development versus in terms of having a safe place to go while parents work.

Sharron Matthews thanked Jim and the committees for the good work they have done. She asked if after the budget is finalized, if the Commission would also consider, based on the budget realities, what plans we need to implement in collaboration with each other, given that the social safety net is being so stretched. Sharron asked that the Commissioners come together to work on behalf of their communities and themselves in dealing with these issues and coming up with a plan based on what the realities are, to work as well as possible toward meeting the goals and outcomes the Commissioners would all like to see.

Ngoan Le stated that this is the first time the Commission has spent some time discussing the rate setting document, and all the comments are well received. This is the beginning of this part

of the Commission's work. She asked Commissioners to send their comments or things they would like changed to reflect the reality of the situation. Then the Commission will take this up again at the next meeting. Interns may reach out to the Commissioners individually to get their input, and she will also resend the document electronically.

Joe Antolin stated that he recalled a meeting where Larry Joseph presented a chart on budget trends from now to 2014, which made it clear that human services would continue to take hits while some health care costs will continue to grow. Joe stated that it is important to hear how that is happening and understand what human services functions are being taken over by accountable care organizations. This is in the planning stages now, so the Commission needs to know more about it and how these changes might inform other recommendations. Ngoan Le responded that for this Commission to be helpful, it needs to move in that direction and know what the scenarios and budget limitations are. The Commission should think about how it could help design the system under various scenarios.

Next Steps

Ngoan Le stated that the Commission will end in November of this year. Some ideas collected from different Commissioners and groups for the Commission's next steps are:

- To hold public hearings on the impact of budget decisions in late July or early August, most likely one in Chicago and one in Springfield, and also welcome written testimonies
 - Maria Whelan stated that she supported the idea but thought it should be pushed back to September or October, when people may be better able to articulate the impact of the budget. Other Commissioners nodded in agreement.
- To have a workgroup that will continue work on program clustering and interagency coordination
- Budgeting for Results – the process has already begun in the Governor's Office and a new Commission will be appointed soon to take on this work. But this Commission could play a special role in defining budgeting for results for human services.

Joe Antolin stated that the commission for implementing the State Health Improvement Plan, DHFS's work related to the Affordable Care Act, and the Poverty Commission's work may have implications for human services, and that the Human Services Commission needs to take this into consideration. Eileen Durkin echoed a concern that the Commission's work will become siloed if not coordinated with the work of other commissions.

Ngoan Le replied that not everyone on the Commission is aware of these different processes and how we can enter into the conversation. She asked for volunteers who have knowledge of different groups and processes to attend a meeting to map out the most logical way to proceed with this work. The following Commissioners and others expressed interest: Joe Antolin, Damon Arnold, John Bouman (Technical Support Team), Eileen Durkin, Sharron Matthews (expressing that all state agencies should be involved in this work), Maria Pesqueira, Dee Ann Ryan, and Michelle Saddler.

Larry Joseph stated that it is important for the Commission to try to approach the issue of budgeting for results strategically, thinking about the process as bottom-up or top-down. DHS's process of setting goals and priorities makes sense. Conversely, the top-down idea would be to start out by setting state priorities and assign a certain percentage to each priority. Larry stated that this could be misguided and dangerous, if it reinforces this idea that there are five or six silos, and each silo gets its share of resources. In budgeting this year, the Senate took up a more holistic approach and did not set up these silos. So the Commission needs to have some discussion about how to respond and monitor what the new commission on budgeting for results is doing, to discourage using this top-down model. Damon Arnold stated that he agreed and that since programs are interrelated, it is not effective to use a silo model while needs are going up and resources are going down.

Ngoan Le stated that the Commission needs to acknowledge that there are many processes going on and that some of the same issues can be addressed in different ways. She stated that a small workgroup will be formed to look at these different processes, thinking through both program clustering and coordination issues and budgeting for results. After it convenes, the workgroup will determine if it needs to split into two different workgroups. The next steps for the Commission for the next few months are:

- Schedule conference call with Commissioners on the final budget and its impact, after the final budget is announced
- Plan for public hearings on the budget impact in September or early October
- Form a workgroup that will work on how the Commission should move forward around the issues of program clustering, interagency coordination, and budgeting for results

Ngoan Le thanked the Commissioners for their participation and ability to work through issues during a time of great change.

Toni Irving asked Commissioners to consider sending a proxy if they cannot be present during future meetings.

Ngoan Le stated that the Commission has tried to run meetings openly and so has welcomed public comments during meetings, but has been told that meetings need to be run more formally. So at the next meeting the Commission will discuss how to handle public comments during meetings.

Michele Carmichael motioned to adjourn the meeting. Eileen Durkin seconded the motion. The meeting was adjourned at 10:58 a.m.